

ITEM FOR FINANCE COMMITTEE

HEAD 90 - LABOUR DEPARTMENT

HEAD 157 - GOVERNMENT SECRETARIAT : ECONOMIC DEVELOPMENT AND LABOUR BUREAU (LABOUR BRANCH)

Members are invited to approve the following changes to the 2003-04 Estimates with effect from 1 July 2003 to reflect the merging of the Labour Department and the Labour Branch of the Economic Development and Labour Bureau from the same date –

- (a) for Head 90 Labour Department –
 - (i) change in the Controlling Officer for this Head of Expenditure from Commissioner for Labour to Permanent Secretary for Economic Development and Labour (Labour)/ Commissioner for Labour;
 - (ii) transfer of one non-recurrent commitment from Head 157 Government Secretariat : Economic Development and Labour Bureau (Labour Branch) to Head 90 Labour Department; and
 - (iii) supplementary provision of \$22.307 million under Subhead 000 Operational expenses in 2003-04.

/(b)

- (b) deletion of Head 157 Government Secretariat :
Economic Development and Labour Bureau
(Labour Branch).

PROBLEM

The Commissioner for Labour (CL) is currently the Controlling Officer for Head 90 Labour Department (LD). We need to designate a new Controlling Officer for this Head of Expenditure as the CL post will be deleted on 1 July 2003 upon the merger of LD and the Labour Branch (LB) of the Economic Development and Labour Bureau (EDLB) into a new LD. We also need to transfer an approved commitment and the residual balance of the approved provision under Head 157 Government Secretariat: Economic Development and Labour Bureau (Labour Branch) to Head 90 Labour Department to enable the new LD to discharge its functions under one head of expenditure with effect from 1 July 2003.

PROPOSAL

2. We propose the following changes to the 2003-04 Estimates, with effect from 1 July 2003 –
- (a) changing the Controlling Officer for Head 90 from the CL to the Permanent Secretary for Economic Development and Labour (Labour)/Commissioner for Labour (PSL/CL);
 - (b) transferring one non-recurrent commitment of \$3.5 billion for “Loan Guarantee Scheme for Severe Acute Respiratory Syndrome Impacted Industries” from Head 157 Government Secretariat - Economic Development and Labour Bureau (Labour Branch) to Head 90 Labour Department;
 - (c) providing under Head 90 Labour Department Subhead 000 Operational expenses supplementary provision of \$22.307 million, to be offset by the residual balance of the approved provision under Head 157 Government Secretariat - Economic Development and Labour Bureau (Labour Branch) to be deleted; and
 - (d) deleting Head 157 Government Secretariat - Economic Development and Labour Bureau (Labour Branch).

/JUSTIFICATION

JUSTIFICATION**Change in the Controlling Officer for Head 90 Labour Department**

3. On 11 June 2003, the Establishment Subcommittee of the Finance Committee endorsed, vide EC(2003-04)7, the proposed organisation and staffing structure of LD after its merging with LB of EDLB. Among other things, the proposal involves the deletion of the post of CL, who is currently the Controlling Officer of Head 90, and the creation of the PSL/CL post to assume the overall responsibility for the formulation and implementation of labour-related policies as well as overseeing the day-to-day management of the new LD. Subject to the approval of the establishment changes by this Committee, we propose to account for the spending of the new LD under Head 90, and to designate PSL/CL as the Controlling Officer of Head 90 after the merger.

Transfer of a non-recurrent commitment to Labour Department

4. This Committee approved on 25 April 2003 a non-recurrent commitment entitled "Loan Guarantee Scheme for Severe Acute Respiratory Syndrome Impacted Industries" of \$3.5 billion under Head 157 Government Secretariat - Economic Development and Labour Bureau (Labour Branch) Subhead 700 General other non-recurrent. Upon the merger, we need to transfer this commitment to Head 90 Labour Department.

Supplementary provision for Head 90 Labour Department

5. Following the merger, we will transfer the residual balance of the approved provision under Head 157 Government Secretariat - Economic Development and Labour Bureau (Labour Branch) to Head 90 Labour Department. The transfer will require supplementary provision of \$22.307 million under Head 90 Labour Department Subhead 000 Operational expenses in 2003-04.

Deletion of Head 157

6. Consequent to the above changes, the existing Head 157 will no longer be required and will be deleted.

/FINANCIAL

FINANCIAL IMPLICATIONS

7. The proposed supplementary provision of \$22.307 million under Head 90 Labour Department in 2003-04 will be fully offset by the residual balance of the approved provision under Head 157 Government Secretariat - Economic Development and Labour Bureau (Labour Branch) to be deleted; hence the proposal will not give rise to any additional expenditure. The breakdown of the supplementary provision of \$22.307 million is as follows –

	\$'000
Personal Emoluments	
- Salaries.....	4,422
- Allowances	758
- Job-related allowances	5
Personnel Related Expenses	
- Mandatory Provident Fund contribution	9
Departmental Expenses	
- Hire of services and professional fees.....	113
- General departmental expenses.....	333
Other Charges	
- Expenses for employment and labour-related initiatives	13,053
- Expenses for improved occupational safety and health standards.....	3,614
Total :	22,307

BACKGROUND INFORMATION

8. We briefed the Legislative Council Panel on Manpower on the proposal to merge LD and LB on 6 May 2003. Members of the Panel raised no objection to the proposal.
